

Federal Communications Commission Consumer News Alert

Federal Subscriber Line Charge

What is the “federal subscriber line charge” you see on your phone bill?

Local phone companies recover some of the costs of telephone lines connected to your home or business through a monthly charge on your local telephone bill. This charge is usually called the “*subscriber line charge*.” It is sometimes called the “*federal subscriber line charge*” because it is regulated - and capped - by the FCC and not by state public utilities commissions. Although this is sometimes termed a “federal subscriber line charge” this is not a charge by the government. The government receives no money from this charge. *It is not a tax.*

WHY ... the price cap / increase?

To ensure that all Americans can afford at least a minimal level of basic telephone service, the FCC capped the subscriber line charge for primary residential lines at \$3.50 per month. Under the FCC's access reform plan, the monthly \$3.50 maximum subscriber line charge for primary residential lines will not increase. This cap was set at a time when the vast majority of homes had only one telephone line. The maximum \$3.50 subscriber line charge consumers pay for residential telephone lines does not cover the local telephone companies' average local loop costs for those lines and is a subsidized rate. With the increased use of the Internet and other data services, the number of secondary lines to homes is increasing.

As part of its access charge reform effort, the FCC reduced the subsidies for residential customers by increasing the cap on the subscriber line charge on these lines.

In 1998, the FCC increased the maximum amount that phone companies could charge for additional lines to \$5.00 per line per month.

Starting January 1, 1999, the maximum amount the FCC allows phone companies to charge for additional lines went from \$5.00 to \$6.07. Again, if the telephone company's average interstate costs of providing the line are less than \$6.07 per month, the company can only charge the consumer the amount of its costs.

WHAT ... are primary and secondary lines?

The second and any additional telephone lines connecting consumers' residential telephone service to the telephone network are called “*non-primary*” lines. Each local telephone company, at present, sets its own definition of what constitutes a primary and non-primary line, subject to FCC review. Some companies changed their definition of primary line effective January 1, 1999. Most local telephone companies are now using a service location (address) definition, meaning that any additional line billed to the same address is considered a second or additional line, subject to the higher subscriber line charge, even if the bill is in a different name at the same address. Effective July 1, 1999, the FCC's rules will require all local telephone companies to use this definition.

***For information on other telephone-related
issue, visit the FCC's website at: [http://
www.fcc.gov](http://www.fcc.gov)***

***For information about how to file a
complaint about a telephone
company, visit the FCC's Enforcement
Website at: [http://www.fcc.gov/ccb/
enforce/](http://www.fcc.gov/ccb/enforce/)***

WHO ... is affected ?

Telephone customers with more than one phone line will see the affects of the price cap increase. The FCC's access reform plan reduces, and in many cases eliminates, subsidies for consumers who have more than one residential telephone line. It does not impose a tax on those additional lines.

The access reform plan reduces subsidies for non-primary residential telephone lines and shifts the method by which local telephone companies recover the costs of providing local loops. This is part of an overall plan to substantially reduce per-minute long distance phone rates. Many consumers with more than one residential telephone line will be better off under the new system -- especially those who make a substantial amount of long distance calls.

The FCC decided to allow the local telephone companies to raise the flat fee on non-primary residential telephone lines so that those lines are no longer subsidized, or at least receive less subsidy. The increase in permitted charges for non-primary telephone lines is intended to help ensure that consumers pay for the cost of the facilities they use.

HOW ... are long distance calls affected?

The federal subscriber line charge has nothing to do with the number or type of calls a customer places or receives. It is not a charge for making or receiving long distance calls. All local telephone networks can be used for making and receiving local and long distance calls.

WHAT ... is the maximum fee for business customers?

The maximum subscriber line charge for single-line business customers will remain capped at a maximum charge of \$3.50 per line per month.

The maximum subscriber line charge for multi-line business customers is the local company's average interstate cost of providing a line in that state or \$9.21 per line per month, whichever is lower. The current average subscriber line charge for multi-line business lines is \$7.17 per line per month.

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